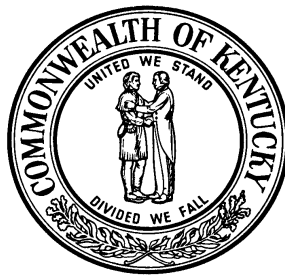


**HENRY COUNTY PUBLIC SCHOOLS'  
ADMINISTRATION OF ADULT EDUCATION GRANTS  
FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION**

**For The Period  
July 1, 2008 Through June 30, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

September 14, 2010

Reecie Stagnolia, Vice President  
Kentucky Adult Education  
Council on Postsecondary Education  
1024 Capital Center Drive, Suite 250  
Frankfort, KY 40601

Tim Abrams, Superintendent  
Henry County Public Schools  
326 South Main Street  
New Castle, KY 40050

Re: Adult Education Grants

Dear Mr. Stagnolia and Mr. Abrams:

This report contains the results of the performance audit of Henry County Public Schools' administration of the adult education grant for the fiscal year (FY) ending June 30, 2009. The Council on Postsecondary Education and Kentucky Adult Education contracted with this office to conduct performance audits of selected local adult education programs. This report represents our findings, recommendations, and the program's responses.

The Auditor of Public Accounts conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We greatly appreciate the courtesies and cooperation extended to our staff during the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written over a horizontal line.

Crit Luallen  
Auditor of Public Accounts



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**HENRY COUNTY PUBLIC SCHOOLS' ADMINISTRATION OF ADULT  
EDUCATION GRANTS FROM THE COUNCIL ON POSTSECONDARY  
EDUCATION AND KENTUCKY ADULT EDUCATION AS OF JUNE 30, 2009**

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**EXECUTIVE SUMMARY**

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**PURPOSE AND SCOPE**

The Council on Postsecondary Education (CPE) and Kentucky Adult Education (KYAE) selected the Henry County adult education program for a limited scope performance audit of its adult education grant. The Henry County Public Schools is responsible for the administration of this grant. An on-site review was conducted on April 21, 2010 through April 22, 2010, to address the following objectives:

- Determine whether the local program's expenditures comply with the terms of their grant agreement and reconcile to invoices submitted.
- Reconcile student and faculty data electronically submitted to KYAE through the Adult Education Reporting Information Network (AERIN).
- Determine whether the local program's professional development activities comply with the FY 2008-2009 professional development policies and procedures.
- Report internal control weaknesses identified during our audit that relate to the audit's objectives.

To accomplish these objectives, the performance audit team reviewed the Policy and Procedure Manual for Kentucky Adult Education, as well as the local program's grant proposal and final agreement with KYAE. During the on-site review, the audit team reviewed the program's accounting records (trial balance/general ledger), interviewed program administrators regarding internal controls related to the above grants, and tested samples of expenditure documentation, participant files, and personnel files for compliance with applicable requirements.

Below is the summary of findings:

**FINDINGS SUMMARY**

<b>Finding</b>	<b>Disallowed Costs</b>
Two full time instructors' professional development training did not include one professional development activity from a specified list in the KYAE Policy and Procedure Manual.	N/A
One part-time employee's file did not have documentation to support the required level of professional development training.	N/A

**HENRY COUNTY PUBLIC SCHOOLS' ADMINISTRATION OF ADULT  
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## **RESULTS AND RECOMMENDATIONS**

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### **FINANCIAL REPORTING AND COMPLIANCE**

#### **Scope and Methodology**

The KYAE-10 Expenditure Reports were compared to the line item budget approved in the final agreement. This comparison was used to determine whether the program's reimbursements complied with the approved budget.

The KYAE-10 Expenditure Reports were then compared to the local program's internally generated financial records. This comparison was used to determine whether the program's accounting records support the total amount requested for reimbursement on the KYAE-10 Expenditure Reports.

#### **Findings**

No exceptions were noted.

### **PARTICIPANT ELIGIBILITY AND RECORD KEEPING**

#### **Scope and Methodology**

A total of 31 participants were selected randomly from the electronic student data sent from KYAE. Documentation maintained in the participant files was compared to the electronic student data. We examined the files for the following:

- Proper eligibility documentation.
- Proper assessment testing.
- Evidence to support the achievement of goals/objectives reported to KYAE.
- Other requirements based upon the applicable program requirements.

The participants tested received services during the period from July 1, 2008 through June 30, 2009.

#### **Findings**

No exceptions were noted.



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**PAYROLL AND STAFF REQUIREMENTS**

**Scope and Methodology**

A sample of payroll disbursements was judgmentally selected for payroll testing. Documentation of hours worked was examined for existence and approval. Personnel files were examined to verify that staff had received the required professional development training hours and had the proper educational credentials required for their position.

**Findings**

All instructors who work 20 hours or more each week are required to complete one professional development activity from a specified list in the KYAE Policy and Procedure Manual as part of their required eight hours of professional development training. Two instructors did not comply with this requirement.

CPE and KYAE require part-time instructors obtain two hours of professional development training. One employee's file did not have documentation to support the required level of professional development training.

**Recommendations**

We recommend that instructors who work 20 hours or more each week complete one of the professional development activities listed in the KYAE Policy and Procedure Manual and that this information is documented in the employee's file.

We recommend that instructors receive at least the required hours of professional development training and that this information is documented in the employee's file.

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**Program Response – [A draft report was provided to program management to request their comments and any planned corrective actions related the finding. Program management was given a reasonable amount of time to adequately respond to this request.]**

The two instructors that did not complete the one required PDU course did attend the Writing Institute on May 21st and 22nd. They attended day 1, however, day 2 was cancelled. They were told at class that due to the circumstances that they would be awarded their PDUs. We were under the impression that was it. We were without computer access in our building throughout the summer, so they did not receive the updates of a June meeting. We do have documentation acknowledging this fact and that our IT people were aware of the situation and were working on a solution. As a result, they only attended day 1 of the 2 day session. They did receive their material and have used the information in our managed classes. One of the instructors developed the lesson plans and syllabus for our Writing Class based upon information they learned at the Writing Institute.

We have implemented a new procedure to review all staff's PDs monthly. Also each staff member is to get verification of their PDUs quarterly. They will then present their documentation each quarter. That way we will be aware of all discrepancies or errors.

Regarding the instructor that did not complete the two PDUs, her total hours for the year ended up being 80 but it was not continuous. Due to personal reasons, she did not begin work until November 1<sup>st</sup> and she left at Christmas break. At that point she only had 28 hours and was not required to complete any PDUs. Then, due to program changes and staff absences and vacations, she returned to help out the end of April. She ended up working 16 hours in April. Then in May she worked 20 hours. She also returned the first week in June for 16 hours. She was mainly working in a substitute capacity. However, in total she did work 80 hours for the year. The new procedure to review all staff's PDUs monthly will also eliminate this from happening again.

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**PURCHASING/EXPENDITURE COMPLIANCE**

**Scope and Methodology**

A sample of 1 expenditure, representing at least 20 percent of the total purchases, was selected judgmentally from the detailed general ledger. These expenditures were tested for authorization/approval, supporting documentation, and proper recording. We also verified that the expenditures were made during the grant period from July 1, 2008 through June 30, 2009.

**Findings**

No exceptions were noted.

**PROFESSIONAL DEVELOPMENT REIMBURSEMENT COMPLIANCE**

**Scope and Methodology**

Professional development expenditures were tested for proper authorization, supporting documentation, and adherence to approved rates and reimbursement policies. A sample of 2 expenditures, representing at least 20 percent of the total professional development expenditures, was selected judgmentally from the detailed general ledger.

**Findings**

No exceptions were noted.

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**INTERNAL CONTROLS RELATING TO GRANT**

**Scope and Methodology**

Henry County Public Schools' Program Director was given an Internal Control Questionnaire regarding the controls in place for expenditures, bank reconciliations, revenue, and payroll. The questionnaire was completed by the program director and/or the fiscal administrator and reviewed by the audit team for any significant control deficiencies.

**Findings**

No significant control deficiencies were noted.

